

Some Sellers Target Buyers' Agents

Incentives include cash, gift cards in effort to attract attention to property

By AMY HOAK
MarketWatch

Posted: Nov. 9, 2007

Chicago - These days, a real estate agent's paycheck doesn't necessarily stop at a cut of the commission.

In markets with a glut of homes for sale - and there are many of them - sellers are in fierce competition, each hoping to lure buyers to their properties for a showing. Some of them are making appeals to the pocketbooks of agents working with the buyers. And the buyer might never know about that added bonus.

"With the market shifting from a seller's market to much more of a buyer's market, those incentives are increasing," said Leslie Tyler, vice president of marketing for ZipRealty, a real estate brokerage with headquarters in Emeryville, Calif. "When you're selling a home, there's a number of different levers you can pull to move your house quicker. You can change the price, you can offer an incentive to an agent, you can paint the front door."

Mentions of cash bonuses, gift cards and other incentives are attached to some listings - information that real estate agents can see through professional listing services but that buyers don't have access to through printouts or Web sites.

Builders are especially fond of offering extras, sometimes sending out e-mails to brokerages about them, said Noah Freedman, a principal with the brokerage firm Bond New York Real Estate.

One builder, for example, recently offered a \$5,000 American Express gift card to agents in exchange for a buyer who signed a contract on a Long Island condominium, Freedman said.

During the last year, the agent who brought in a buyer for a penthouse in a financial district building in New York was promised a fully paid lease on a BMW for a set period of time, he added.

The main advantage of these incentives: They often catch the eyes of real estate agents, attracting attention to one property in a sea of available homes, Freedman said.

Whether they have that much of an influence on the eventual sale, however, isn't as clear.

"At the end of the day, you can't make someone buy something because you're going to get an AmEx card," Freedman said.

Real estate agents have a responsibility to show buyers the homes that best suit their needs, said Michael Thiel, associate counsel for the National Association of Realtors. And while the perks may be nice, "the obligation to the client is primary."

The incentive could be influential when two similar homes are available and one of them offers a little something extra, he said.

In a case like that, an agent might show the property with the incentive first. But that could be where the advantage ends.

That's because there's also a financial incentive to finding the right fit for a home buyer, Thiel and others pointed out. If agents get greedy and only show homes that would give them a bigger payday, there's a chance that clients won't like any of them. The agent then risks losing the client altogether.

In general, agents are not obliged to disclose whether they get bonus compensation on a particular home, Thiel said.

But given the vast amount of information available to buyers on the Internet, it's easy for savvy consumers these days to know what properties are out there - and decide whether they're being shown all of the homes that fit their needs, said Phyllis Pezenik, vice president of sales and leasing for DJK Residential, a real estate firm in New York.

"If a buyer becomes aware of another property that is similar or better . . . and the agent has not told them about it, that would tend to make them wary of that broker," Pezenik said. "If you feel through your own research that you're not being shown all the properties that meet your criteria, that definitely is a buyer's decision to move on."

From the Nov. 11, 2007 editions of the Milwaukee Journal Sentinel